

# The Impact of E-Marketing to Attract New Customers in the Banking Sector – Saudi Arabia –Al Baha (Case Study – KSA- Al Baha City)

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## Abstract

This study aimed to measure the competitiveness of the banks in Saudi Arabia and its role in the adoption of a competitive advantage by focusing on associated electronic banking services as a field of knowledge from the fields of modern marketing. Because of the banking services include a high typical in content, it was incumbent on the banking administration to be looking for other means and methods through which it can compete and get better results, and it has know that the quality & style of provided service of banking is the only area to compete. It has been examined a sample of major banks operating in Saudi Arabia consist (8) banks, where it was studying all these banks in a manner of comprehensive survey. The researcher concluded that the majority of Saudi banks based websites of their own on the Internet to introduce itself and its affiliates as well as make sure that customer know about its traditional and electronic services, which is still at the beginning of the road, which is limited to: plastic cards, e-bank spokes, mobile banking, ATMs and rapid money orders. The researcher found a number of recommendations, foremost of which is that Saudi banks can compete with each other at the local level through the competitive advantage and access to new customers using electronic means to serve and expanding its customers, and Saudi banks compete together at the regional level through the comparative advantage of providing integrated services, where the communications revolution has made electronic banking services is inevitable impose itself in determining the future of the banks and their evolution.

**Keywords:** KSA' Banks, Competitive Advantage, Baha City, Customers, Banking Sector, Electronic Banking Services.

## 1. Introduction:

The economic expansion and structural transformation were highly facilitated by the rapid growth of banking and other financial services. This is clearly reflected in the growth of assets in the financial sector and the contribution of the financial sector to Gross National Product (GNP) in last ten years. Despite of the global and local macro economic problems financial sector still maintain a high share of GNP in 2013 (KSA Central Bank Report, 2013).

Despite this significant contribution to GNP, and the increased competition due to the deregulation of financial sector, there is no evidence of major studies undertaken to examine the marketing practices such as relationship marketing or relationship banking in corporate banking sector in KSA. This is certainly disturbing as; literature suggested banking customers still prefer personal relationships as the principal means of communication and exchange between bank and client firm.

Relationship Marketing refers to marketing activities that attract, develop, maintain, and enhance customer, it has changed the focus of marketing orientation from attracting short-term, discrete transactional customers to retaining long-lasting, intimate customer relationships. The objectives of relationship marketing include the delivery of sustained or increasing levels of satisfaction, and the retention of those customers by the maintenance and promotion of the relationship, in relationship marketing, the managerial focus is on individual customer profitability and the benefits that can be derived from relationships with clients. In this situation, the emphasis is primarily on interactive marketing activities and on managing these interactive marketing dimensions with the aim of establishing, developing and maintaining co-operative customer relationships for mutual benefits.

In relationship marketing, managing the marketing-mix dimensions of product, price, promotion and place is less important than managing interactive marketing dimensions such as people, processes and physical evidence. In other words in relationship marketing it will not only focus on traditional four Ps' of product, price, promotion and place in marketing but also show much more concern about additional three Ps' in services marketing. (In addition to four Ps' people, processes and physical evidence).

Progress and transformation in industries, institutions and companies has to do with their ability to deal with problems, activities, as well as competitors. Each institution should adopt policies with respect to long-term vision, mission, goals, opportunities, arrangements and using internal facilities of an external to develop comprehensive marketing, because in today's global business environment there is increasing complexity, rapid change and unexpected developments.

With the development of science in all fields, banks and financial markets have become competitive in recent years as seen in the development of their activities, creation of private banks and financial institutions and applying marketing techniques and strategies for attracting customers and increasing deposit. Using the marketing mix factors such as access to appropriate services and providing services to customers quickly and appropriately in a variety of services and advertising to attract customers, there is increase in financial institutions and banks. Marketing is one of the issues that are subject to change, due to market changes in consumption patterns and tastes of individuals. Population growth, urban expansion, changes in community structure, diversity of products, advance knowledge and generational changes are factors that will determine market variables.

Each institution has the task of marketing managers by analyzing, planning, implementing and controlling effectively marketing programs in order to develop a superior competitive position in target markets. Marketing plan includes a process designed for predicting future events and determining strategies to achieve the objectives of an institute.

In the 1960s, the term was common in marketing. It says everything starts with consumer's needs and demands. Marketing and market management, an important branch of knowledge management, is the main task of understanding people's needs and desires and help them through the process; a process where resources are exchanged. Society needs are increasing today more than ever, especially with the growing shortage of human and other resources. Managers are faced with limited resources available to meet those demands which are unlimited; but knowledge management is here to help the economy scientifically as well a set of skills and knowledge for the optimal use of limited resources. Marketing also needs to recognize the efforts put up by the exchange of resources (Venus, 1386). Marketing is a social and managerial process by which needs and desires of individuals and groups are provided through the production, supply and exchange of useful goods.

Marketing management can be defined as follows: "The analysis, planning, implementation and monitoring of programs to create, provide and maintain a profitable transactions process with the buyers, in order to achieve organizational goals (Cutler, 2000). Marketing management is the analysis, planning, implementation and controlling of programs to achieve organizational goals. It involves programs made to establish and maintain beneficial exchanges with buyers.

## **2. The Study Objective**

The Objective of this study to find the vital role which played by e-marketing in banks sector to support, survival and continuity the bank entity, especially the ability to attract new customers with rake in consider data and other considerations such as the quality of service and how to deal with the public and after-sales services as important criteria in the selection of the customers of the bank and its services control the selection individual of the bank who deals with it, and these methods and standards have its own costs, so are the banks have ability to attract new customers by provide new services with e-marketing under the high costs in the banks environment.

## **3. The Study Problem**

The Saudi banking market opening up on the global markets and it is inevitable thing and it is coming, and this openness will put our banks in an unprecedented face with larger institutions, with more experience, and their ability to put in front of customers an endless option of financial services and its suppliers.

And meet the challenge of competition imposed on Saudi banks to focus on increasing the competitiveness during the reorganization its products and the provided channels to meet the markets which characterized by dynamic.

And it can be achieves that purpose by answering the following questions:

- 3.1.** What's the relationship between e-marketing services that provided by the bank to its customers via electronic means and increase the number of customers?
- 3.2.** What is the relationship between the electronic services provided by the bank to its customers via the Internet and increase the number of dealers with the bank?
- 3.3.** What is the relationship between e-marketing provided by the bank via telephone and mobile phone and increase the number of customers.

## **4. Procedural Terminology:**

- 4.1. E-Marketing:** E-marketing means using digital technologies to help sell your goods or services. These technologies are a valuable complement to traditional marketing methods whatever the size of your company or your business model. Creating a strategy to deliver the right messages to the right people. What has changed is the number of options you have. Though businesses will continue to make use of traditional marketing methods, such as advertising, direct mail and PR, e-marketing adds a whole new element to the marketing mix. Many businesses are producing great results with e-marketing and its flexible and cost-effective nature makes it particularly suitable for small businesses.

- 4.2. Bank Customers:** For a bank, a customer is a person who is utilizing one or more of the services provided by the bank. A customer is a person through whom the bank gets an opportunity to make an earning in return to the service they can provide the customer with. For Ex: an individual who has a checking account with a bank or an individual who has a mortgage or a loan with the bank or an individual who has a fixed deposit with the bank are all customers of the bank.
- 4.3. E-Services:** The concept of e-service (short for electronic service) represents one prominent application of utilizing the use of information and communication technologies (ICTs) in different areas. However, providing an exact definition of e-service is hard to come by as researchers have been using different definitions to describe e-service. Despite these different definitions, it can be argued that they all agree about the role of technology in facilitating the delivery of services which make them more of electronic services.

## 5. The Study Hypotheses

According to the study problems, the researcher emerges the hypotheses as following:

- 5.1.** H1: There is a statistically significant relationship between e-marketing services provided by banks and increase the number of customers in Saudi banks.
- 5.2.** H1: There is a statistically significant relationship between the electronic services provided by the Bank to its customers via the Internet and increase the number of dealers in Saudi banks.
- 5.3.** H1: There is a statistically significant relationship between e-marketing played by the bank through telephone and mobile phone and attract new customers in Saudi banks.

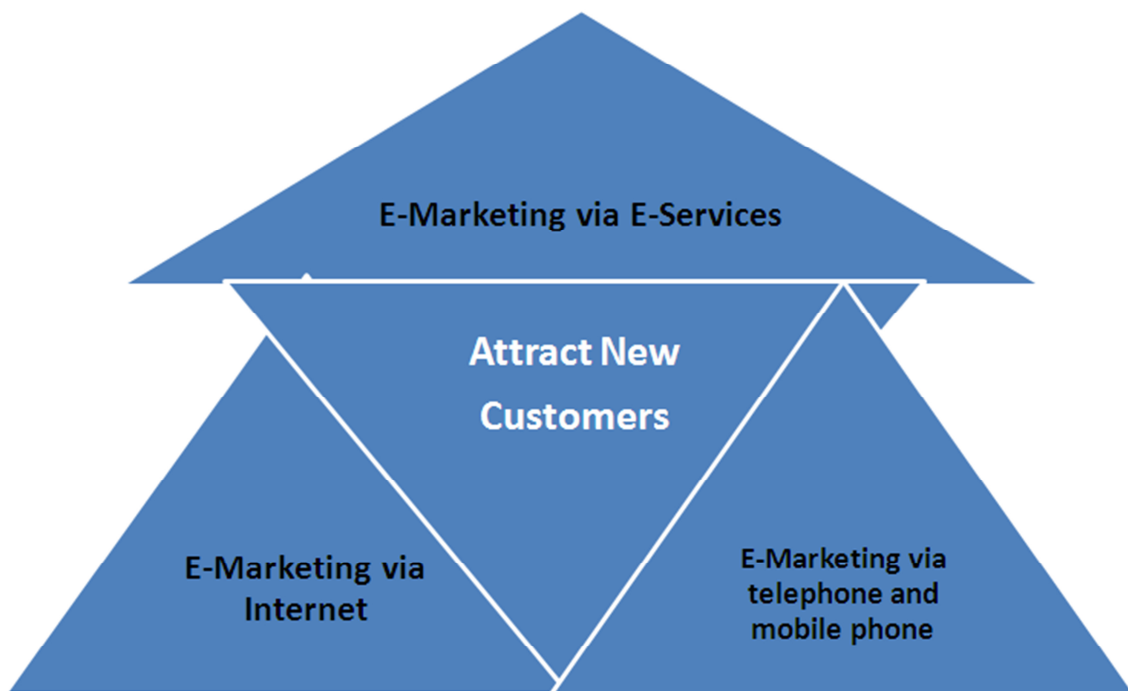
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## 6. The Study Model:

To examine the relationships between the Dependent and Independents variables, the researcher suggests the following Formal Model, shows the proposed relationship between the variables: Figure (1)

**Figure (1)**

**Formal Model – The Relationships between Variables**



## 7. Literature Review

### 7.1. [www.wikipedia.org/may 2008/internet marketing](http://www.wikipedia.org/may 2008/internet marketing):

It is also known as internet marketing, digital marketing, online marketing or web marketing and it is the marketing of products and services over the internet. Internet marketing is considered to be broad in scope because it not only refers to marketing on the internet, but also includes marketing done via e mail and wireless media. Digital customer data and electronic customer relationship management (ECRM) systems are also often grouped together under internet marketing.

## **7.2. Lancaster and Withey 2006**

The growth of electronic marketing such as the internet, email, mobile phones and so on has allowed information to become more rapid and global. The explosion in wireless technologies has led to a massive increase in mobile communication and as a result the growth of mobile marketing and advertising. The increased use of the internet and particularly websites as a promotional tool for individuals and companies has offered many marketers a further effective tool resulting in more control and evaluation of the communications.

## **7.3. Hughes and Fill 2007**

The pace of technological change is facilitating an increasing variety of communication tools which can be used for marketing purposes. This includes so called 'new media' channels such as the internet, email and mobile phones and the changes in the use of more 'traditional' media forms. The benefits of the internet, extranet and intranet applications need to be fully understood and their strategic role in the way in which organizations can reduce costs, improve communication effectiveness and provide value added services to consumers, employees and business partners is highly significant.

## **7.4. Curtis 2007**

The internet is a robust communication system originally devised for military applications. Once people have subscribed to broad band, it provides access to almost unlimited information and international communication. Access in this context has zero marginal cost to the user. As the internet extends progressively to mobile phones and hand held devices (PDA's-personal digital assistants), the opportunity and necessity to make use of online and web related marketing methods becomes increasingly irresistible. The internet and email provide unprecedented opportunity for radically new methods of promotion and advertising, such as viral marketing and RSS ( Really Simple Syndication) of educational or informative articles, newsgroups, forums, affiliations and partnering arrangements, email newsletters and campaigns and many other new ideas which appear more quickly than most of us can absorb. Modern and emerging digital and web related advertising marketing methods offer audience 'reach', precision of targeting, level of fine tuning and control, measurement and analysis and cost effectiveness that conventional advertising media simply cannot match. Conventional printed sales and marketing materials of all types (from newspapers and magazines, to brochures and business cards) are becoming obsolete as customers look to the internet (via phones, pc's, laptops, PDA's and in the future TV too) for quick up-to- the-minute information about products, services and suppliers of all sorts.

## **7.5. Monarief and Shipp 1997**

Email has become an even more flexible method of communicating. Email allows the person to stay in contact with the customer base through an online computer network interface such as the internet. It also encourages more communication and information sharing among sales people and their managers, suppliers and peers who in turn help build more team camaraderie.

## **7.6. The pitch, Richard Mukoma Daily Nation July 13th 2010**

Mobile phone marketing refers to direct marketing to consumers via cell phones. Technologies such as sms, mms, Bluetooth and infrared are used to distribute commercial content to mobile phones. Mukoma suggested that with the growing popularity of mobile phones, mobile phone marketing has the potential to be the fastest growing and most targetable method of brand marketing.

## **7.7. Dushinski 2010**

Points out that mobile technology not only let marketers reach customers where they are, it allows them to engage mobile users by targeting their immediate and specific needs. He also suggested that it is giving users what they want when they want it and that is the unique value proposition of mobile phone marketing and businesses, agents and nonprofit organizations of all types can have successful campaigns without breaking the bank.

## **8. The Study Population & The Study Sample:**

**8.1. The Study Population:** The researcher use in this study the Banks Sector that listed in Saudi Central Banks or Saudi Arabian Monetary Agency ([www.sama.gov.sa](http://www.sama.gov.sa)) as a Study Population because these Banks can express for the Bank Sector in KSA, and the results can be generalized for all the companies in this sector. The table (1) below shows the Study Population as take as from the SAMA:

**Table (1)**  
**The Banks include in the Study Population**

S.R	The Bank
1	Ahli Bank
2	Riyadh Bank
3	Al Rajhi Bank
4	Bank country
5	Saudi Fransi Bank
6	The Saudi Investment Bank
7	Arab National Bank ANB
8	SAMBA

## 8.2. The Study Sample

The researcher used the banks above in BAHA City in Saudi Arabia as a study sample, under consider the little of number of banks in this city, so he selects the all the (8) banks in this study.

## 9. Data Collection & Information Gathering

The researcher has designed a questionnaire to explore the views of bank managers and employees in providing electronic services banking and e-marketing through quintet Likert scale, where it was distributed (48) questionnaire, by the rate of six questionnaires for each bank, including a one questionnaire to the director of the bank and five questionnaires to the workers in the provision of e-banking and e-marketing. It has been recovered (40) questionnaire of them with a percentage of (83%).

## 10. Statistical Results

**10.1. 1<sup>st</sup> Hypothesis:** Descriptive Statistics Results for the independent variable to provide the e-marketing via e-service: this variable test the ability of the E-services to attract the new customers when it used in the e-marketing, Table (2) & Table (3) shows the statistics results of the 1<sup>st</sup> Independent variable:

**Table (2)**  
**The statistics results of the 1<sup>st</sup> Independent variable**

	Independent variable	The arithmetic mean	Standard deviation	Average redundancy	T	Sig. (2-tailed)	result
1	e-marketing via e-service	4.1	0.58	0.80	21.12	0.000	Accept H1

**Table (3)**  
**ANOVA analysis results and Coefficients factors**

	Independent variable	DF	R2	F	T	Sig. (0.000)	result
1	e-marketing via e-service	1	0.84	576.8	22.30	0.000	Accept H1

The results of the analysis of descriptive statistics presented in Table (2) the approval of the sample responsive on the importance of providing e-marketing through e-Services, the average percentage of redundancy of the responses of the sample (0.80) of the responses, which ranged between neutral and strongly agree, which is high and increases for (0.50). And demonstrate a high degree of approval.

It is clear from the values contained in the table (3) that the coefficient of determination R2 explained the percentage of (0.84) from the change in the e-marketing on attract new customers and increase the profitability of the bank and the positive impact on the competitiveness of the bank. And that there is a statistically significant relationship between the degree of adoption of the bank to new ways of providing banking services through e-marketing and increase its competitiveness, as a result of analysis indicates a significant value (F) amount (0.000), which is less than (0.05), and based on the statistical decision we have to accept H1 hypothesis.

**10.2. 2<sup>nd</sup> Hypothesis:** Descriptive Statistics Results for the independent variable to provide the e-marketing via Internet and increase the number of dealers in Saudi banks: this variable test the ability of the E-marketing via Internet to attract the new customers, Table (4) & Table (5) shows the statistics results of the 2<sup>nd</sup> Independent variable:

**Table (4)**  
**The statistics results of the 2<sup>nd</sup> Independent variable**

	Independent variable	The arithmetic mean	Standard deviation	Average redundancy	T	Sig. (2-tailed)	result
2	E-Marketing via Internet	3.88	0.43	0.79	23.5	0.000	Accept H1

**Table (5)**  
**ANOVA analysis results and Coefficients factors**

	Independent variable	DF	R2	F	T	Sig. (0.000)	result
2	E-Marketing via Internet	1	0.64	210.2	14.4	0.000	Accept H1

The results of the analysis of descriptive statistics presented in Table (4) the approval of the sample responsive on the importance of providing e-marketing through Internet, the average percentage of redundancy of the responses of the sample (0.79) of the responses, which ranged between neutral and strongly agree, which is high and increases for (0.50). And demonstrate a high degree of approval.

From the values contained in the table (5) that the coefficient of determination R2 explained the percentage of (0.64) from the change in the e-marketing via Internet on attract new customers and the positive impact on the competitiveness of the bank. And that there is a statistically significant relationship between the degree of adoption of the bank of providing e-marketing through Internet, as a result of analysis indicates a significant value (F) amount (0.000), which is less than (0.05), and based on the statistical decision we have to accept H1 hypothesis.

**10.3. 3<sup>rd</sup> Hypothesis:** Descriptive Statistics Results for the independent variable to e-marketing played through telephone and mobile phone to attract new customers: this variable test the ability of the E-marketing via telephone and mobile phone to attract the new customers, Table (6) & Table (7) shows the statistics results of the 2<sup>nd</sup> Independent variable:

**Table (6)**  
**The statistics results of the 3<sup>rd</sup> Independent variable**

	Independent variable	The arithmetic mean	Standard deviation	Average redundancy	T	Sig. (2-tailed)	result
3	e-marketing played through telephone and mobile phone	3.90	0.38	0.78	24.78	0.000	Accept H1

**Table (7)**  
**ANOVA analysis results and Coefficients factors**

	Independent variable	DF	R2	F	T	Sig. (0.000)	result
3	e-marketing played through telephone and mobile phone	1	0.69	199.21	13.84	0.000	Accept H1

The results of the analysis of descriptive statistics presented in Table (6) the approval of the sample responsive on the importance of providing e-marketing via telephone and mobile phone, the average percentage of redundancy of the responses of the sample (0.78) of the responses, which ranged between neutral and strongly agree, which is high and increases for (0.50). And demonstrate a high degree of approval.

From the values contained in the table (7) that the coefficient of determination R2 explained the percentage of (0.69) from the change in the e-marketing via telephone and mobile phone on attract new customers. And that there is a statistically significant relationship between the degree of adoption of the bank of providing e-marketing through telephone and mobile phone, as a result of analysis indicates a significant value (F) amount (0.000), which is less than (0.05), and based on the statistical decision we have to accept H1 hypothesis.



## 11. Summary of Results:

- In the light of the results of the study can be providing a number of important recommendations for the Saudi banks are as follows:
- 11.1. The necessity of expansion in the provision of electronic banking services because it's one of the important means can provided by E-Marketing.
- 11.2. The study proved that e-marketing using e-services increase attracting new customers for Saudi banks, and this is apparent through statistical results.
- 11.3. The study proved too that e-marketing using Internet increase attracting new customers for Saudi banks.
- 11.4. The study proved that e-marketing via telephone and mobile phone increase attracting new customers for Saudi banks, and this is apparent through statistical results.
- 11.5. The need for attention the application of the concept of customer orientation, which involves the study of the needs and desires of customers to provide banking services in a manner Customized compatible with their needs and desires and consistent with the perceptions (the perceived value).
- 11.6. This study sought to develop the concept of e-marketing for Perceptive offered by Saudi banks to focus on competitiveness variables in terms of increasing the number of dealers with the differentiation of the bank and the bank in providing what is unique or different way of presenting banking service. Proceeding from the results of the study can be propose different areas to be complementary variables such as e-services executive, the bank's reputation, quality of service banking to increase market share and the trend towards regional.

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